

PROPERTY ASSESSMENT APPEAL BOARD
FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

PAAB Docket No. 2021-009-10038C

Parcel No. 07-03-301-016

Everette & Sharon Funk,

Appellants,

vs.

Bremer County Board of Review,

Appellee.

Introduction

The appeal came on for written consideration before the Property Assessment Appeal Board (PAAB) on October 22, 2021. Everette and Sharon Funk were self-represented and asked that the appeal proceed without a hearing. Bremer County Assessor Jean Keller represented the Board of Review.

Everette and Sharon Funk own a commercial property located at 201 Railroad Avenue, Tripoli, Iowa. Its January 1, 2021, assessment was set at \$75,980, allocated as \$15,010 in land value and \$60,970 in building value. (Ex. B & C).

Funk petitioned the Board of Review claiming the assessment was not equitable as compared with the assessments of other like property in the taxing district and that the assessed value was for more than the value authorized by law. Iowa Code § 441.37(1)(a)(1)(a & b) (2021). The Board lowered the assessed value to \$68,540 by reducing the improvement value to \$53,530.

Funk then appealed to PAAB reasserting inequity.

General Principles of Assessment Law

PAAB has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A. PAAB is an agency and the provisions of the Administrative Procedure Act

apply. § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). PAAB may consider any grounds under Iowa Code section 441.37(1)(a) properly raised by the appellant following the provisions of section 441.37A(1)(b) and Iowa Admin. Code R. 701-126.2(2-4). New or additional evidence may be introduced. *Id.* PAAB considers the record as a whole and all of the evidence regardless of who introduced it.

§ 441.37A(3)(a); *see also Hy-Vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption the assessed value is correct, but the taxpayer has the burden of proof. §§ 441.21(3); 441.37A(3)(a). The burden may be shifted; but even if it is not, the taxpayer may still prevail based on a preponderance of the evidence. *Id.*; *Compiano v. Bd. of Review of Polk Cnty.*, 771 N.W.2d 392, 396 (Iowa 2009) (citation omitted).

Findings of Fact

The subject property consists of three storage warehouse buildings. The first is a pole-frame metal warehouse built in 1993 assessed for \$44,650. It has 5292 square feet of gross building area and is listed in normal condition with a 4+00 grade (average quality). It has a concrete floor, small mezzanine, 14-foot manual overhead door, 27-foot sliding door, and two entrance doors. This improvement's assessment is adjusted 19% for physical depreciation and 40% for functional obsolescence. The other two buildings, which have a total gross building area of 3560, were built in 1940, and are listed in poor condition. These two buildings are both adjusted 70% for physical depreciation and between 60% and 80% for functional obsolescence and between 20% and 50% for economic obsolescence. The subject site is 0.919 acres. The site has a 25% "other" obsolescence applied to its assessed value due to lacking sewer and water. (Exs. A & B).

Funk reported that his property had a 41% increase in assessed value prior to his appeal to the Board of Review and that after his appeal the assessed value still increased 28%. (Appeal). He believes this is not equitable because he was told by the assessor that most properties in the area would receive about an 8% increase.

Further, Funk explains his two older buildings have drainage issues which limit their use. The Board of Review points out the two older buildings are nearly fully depreciated and have minimal assessed values of \$1360 and \$1560. (Ex. A).

Funk also asserts the assessed values of two properties in the area were increased 6.6% and 14.9% and the other properties in the area remained unchanged. Again, he believes this supports his appeal. (Appeal). No information about these properties was provided. We note, however, his protest to the Board of Review identified two properties that had minimal or no change in value from 2020 to 2021. (Ex. D, G). One is an office building constructed in 1960 located in Janesville. The other is a small warehouse built in 1956 located in Readlyn. We find these properties are not similar in age, location, or use to be comparable to the subject.

The Chief Deputy Bremer County Assessor Aaron Betts submitted a letter on behalf of the Board of Review. Betts states that storage buildings like the subject are in high demand, which he believes is reflected in the sales data. (Ex. F). The 2017 to early 2021 sales data shows normal, arm's length sales¹ ranging from \$25,000 to \$120,000. He states the assessments on storage properties were low, so they were reviewed and location adjustments to small town storage properties were removed or lowered. He believes this was the main valuation change for Funk's property.

Analysis & Conclusions of Law

Funk contends the subject property is inequitably assessed as provided under Iowa Code section 441.37(1)(a)(1)(a). He bears the burden of proof. § 441.21(3).

Under section 441.37(1)(a)(1)(a), a taxpayer may claim that their "assessment is not equitable as compared with assessments of other like property in the taxing district." To prove inequity, a taxpayer may show an assessor did not apply an assessing method uniformly to similarly situated or comparable properties. *Eagle Food Centers v. Bd. of Review of the City of Davenport*, 497 N.W.2d 860, 865 (Iowa 1993).

¹ Identified as sales with a NUTC code of 0. Iowa Dept. of Revenue, Sales Condition Codes, <https://tax.iowa.gov/sites/default/files/2021-01/NUTCSalesConditionCodes-v5.pdf>

We find Funk has not offered properties comparable to the subject and has therefore failed to show any inequitable variation in assessment methodology among comparable properties.

Alternatively, a taxpayer may show the property is assessed higher proportionately than other like property using criteria set forth in *Maxwell v. Shivers*, 133 N.W.2d 709 (Iowa 1965). The *Maxwell* test provides that inequity exists when, after considering the actual values (2020 sales) and assessed values (2021 assessments) of comparable properties, the subject property is assessed at a higher portion of its actual value. A comparison of assessed values is insufficient to prevail on an inequity claim under *Maxwell*.

Funk did not submit any properties that recently sold. For this reason, a sales ratio cannot be developed. Additionally, the *Maxwell* analysis also requires a ratio to be developed for the subject property. The subject property did not recently sell, nor did Funk offer evidence of its January 1, 2021 market value that is consistent with section 441.21. Thus we cannot complete the *Maxwell* analysis. As such, the record is insufficient to determine if the subject property is assessed at a higher proportion of its actual value when compared to the properties offered as comparables.

While we recognize Funk's concern about the percentage increase of their assessment relative to other properties, comparing rates of change among assessments is not a recognized method of establishing inequity.

Viewing the record as a whole, we find Funk failed to support his claim.

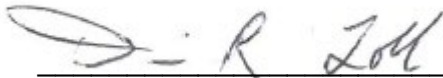
Order

PAAB HEREBY AFFIRMS the assessment as set by the Board of Review.

This Order shall be considered final agency action for the purposes of Iowa Code Chapter 17A (2021).

Any application for reconsideration or rehearing shall be filed with PAAB within 20 days of the date of this Order and comply with the requirements of PAAB administrative rules. Such application will stay the period for filing a judicial review action.


Any judicial action challenging this Order shall be filed in the district court where the property is located within 30 days of the date of this Order and comply with the requirements of Iowa Code section 441.37B and Chapter 17A.



Dennis Loll, Board Member



Karen Oberman, Board Member



Elizabeth Goodman, Board Member

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Bremer County Board of Review by eFile